



GARY R. HERBERT
Governor

GREGORY S. BELL
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

April 30, 2012

Chubb Group of Insurance Companies
15 Mountain View Road
P. O. Box 1615
Warren, New Jersey 07061

Subject: Cancellation of Surety Bond Reynolds Sands and Gravel LLC, Camp Williams Pit #3, S/035/0044, Salt Lake County, Utah

Dear Sir or Madame:

The Utah Division of Oil, Gas and Mining (Division) received your letter dated April 5, 2012, on April 16, 2012, regarding cancellation of surety bond in the amount of \$25,100.00 effective 90 days from the Division's receipt of your letter. The Division received the letter April 16, 2012; 90 days from that date is July 15, 2012. The mine operator, Reynolds Sand and Gravel LLC, is being advised that a replacement surety must be provided by June 16, 2012.

Under the terms of the above referenced surety bond, Federal Insurance Company remains liable for reclamation of the existing disturbance. If the surety is not replaced by June 16, 2012, the Division will immediately issue a cessation order to Reynolds Sand and Gravel and demand that it commence reclamation. Failure of Reynolds Sand and Gravel to reclaim the mine within 30 days of issuance of the cessation order may result in the Division making demand on Federal Insurance Company to either proceed with reclamation or to pay to the Division the amount of the bond. If Federal Insurance Company fails to complete reclamation or make payment as requested, the Division may proceed to file a Request for Agency Action with the Board of Oil, Gas and Mining to seek forfeiture of the bond.

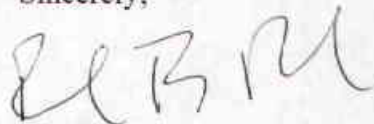
Please confirm that you remain responsible as surety for the reclamation of the existing disturbance. We also ask that you advise the Division immediately if there is any reason or if any conditions arise that may preclude you from continuing as surety for reclamation of the existing disturbance.



Page 2 of 2
Chubb Group of Insurance Companies
S/035/0044
April 30, 2012

Thank you for your cooperation. If you have any questions, please feel free to call me at 801-538-5261.

Sincerely,

A handwritten signature in dark ink, appearing to read 'PB M', is written over the typed name.

Paul Baker
Minerals Program Manager

PBB:pb

Enclosure Letter to operator dated April 30, 2012 and copy of surety

Cc: Reynolds Sand and Gravel

P:\GROUPS\MINERALS\WP\M035-SaltLake\S0350044-CampWilliamPit3\final\cancel-surety-04232012.doc



CHUBB GROUP OF INSURANCE COMPANIES
15 MOUNTAIN VIEW ROAD
P.O. BOX 1615
WARREN, NJ 07061

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

APRIL 5, 2012

RECEIVED

PRINCIPAL NAME: REYNOLDS SAND & GRAVEL

APR 16 2012

STREET: 6891 SOUTH 700 WEST, SUITE 200
CITY: MIDVALE UTAH DIV. OF OIL, GAS & MINING 84047

✓ OBLIGEE NAME: STATE OF UTAH, DIVISION OF OIL, GAS AND MINING AND
DEPARTMENT OF NATURAL RESOURCES
1594 WEST NORTH TEMPLE, SUITE 1210, BOX 145801
SALT LAKE CITY UTAH 841145801

RE:
BOND NUMBER:
DESCRIPTION: UTAH MINED LAND RECLAMATION ACT SURETY BOND, PROJECT #:
500-1444-60, WORK ORDER #: 4890

BOND DATE: JUNE 10, 2010
BOND AMOUNT: \$25,100.00

TO WHOM IT MAY CONCERN:
PLEASE BE ADVISED THAT IN ACCORDANCE WITH THE TERMS AND CONDITIONS
OF THE ABOVE-DESCRIBED BOND, FEDERAL INSURANCE COMPANY AS SURETY,
HEREBY CANCELS THE BOND EFFECTIVE 90 DAYS AFTER YOUR RECEIPT OF THIS
LETTER.

VERY TRULY YOURS,

FEDERAL INSURANCE COMPANY

SURETY DEPARTMENT
Karen A. Eder

CC: PRODUCER